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UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEVADA

In re:  
  
USA Commercial Mortgage Company,  
  
Debtors.

Case No. BK-S-06-10725-LBR

CHAPTER 11

**Stipulated Motion for Approval of  
Settlement of Walls Family Trust  
Dated 12/10/97 Proofs of Claim and  
Vacating Status Conference**

**Status Conference: July 17, 2012  
Time: 10:00 am.**

USACM Liquidating Trust (the "USACM Trust"), by and through its counsel,  
Lewis and Roca LLP, and Joseph Walls, Trustee of the Walls Family Trust Dated  
12/10/97 ("Walls Trust"), file this stipulated motion seeking to settle Walls Trust's proof  
of claims against the estate of USA Commercial Mortgage Company ("USACM").

The USACM Trust and Walls Trust present to the Court the following facts and  
information regarding the Walls Trust proofs of claim:

- Walls Trust filed eight proofs of claim based upon his investments in four loans  
brokered by USACM ("Walls Claims"). Proofs of claim 10725-00397, 10725-  
00399 were previously disallowed in their entirety by prior orders of the Court.
- Proof of Claim 10725-00396 based upon an investment in Rio Bravo \$4.5  
million was allowed in the amount of \$100,000 by DE 8956.

- The USACM Trust has objected to the remaining proofs of claim. The table below gives the proof of claim number, the loan at issue, the amount of the claim and the docket entry of the USACM Trust's objection to the proof of claim:

Claim No. 10725-	Loan Name	Claim Amount	Objection
00397-2	Gramercy Court	\$50,000.00	DE 9060
00398-2 00398-3	Del Valle Livingston	\$200,000.00	DE 8535 DE 9060 DE 9126 DE 9145
00399	Eagle Meadows	\$200,000.00	DE 8563
00400	Fox Hills 216	\$200,000.00	DE 8615

- Dr. Walls sent a letter dated August 3, 2011 in response to the objections.
- On October 12, 2011, Dr. Walls sent another letter to the Court [DE 9362].
- Pursuant to the ADR procedures established under the Debtor's confirmed Plan, on January 9, 2012, Geoffrey Berman, the Trustee, John Hinderaker, Counsel for the USACM Trust, and Joseph Walls, Trustee of the Walls Trust met in Reno, NV. Both sides shared information. It became clear that Dr. Walls has intended to respond on behalf of all the investments.
- On June 11, 2012, Geoffrey Berman, the Trustee, Robert M. Charles, counsel for the USACM Trust, and Joseph Walls, on behalf of the Walls Trust met for a settlement conference before the Honorable Gregg W. Zive in Reno, NV.
- The parties reached an agreement, which was placed on the record subject to this Court's approval. This motion seeks that approval.

- The Trustee has considered the Walls Claims, the documents supplied by the Walls Trust to support the claims and the dialog between the parties during and before the meeting about the claims. The Trustee believes, as a result of the information exchanged at the scheduling conference, that a portion of the Walls Claims may be valid. Disputing the remainder of the Walls Claims would require the Trust to undertake fact intensive litigation in relation to several different loans. The Trustee believes that the attorneys' fees and expenses the Trust would incur to challenge the claims in such litigation would easily exceed the monetary value to the Trust beneficiaries ultimately derived from challenging the Walls Claims.

Accordingly, the parties have agreed to settle the Walls Claims and stipulate:

- Walls Family Trust has a previously allowed claim 10725-00396 based upon an investment in Rio Bravo in the amount of \$100,000;
- Walls Family Trust will have an allowed non-priority unsecured Proof of Claim in the amount of 45% of \$650,000 or \$292,500 for the unresolved proofs of claim based in whole or in part upon investments in: Gramercy Court \$50,000; Del Valle Livingston \$200,000; Eagle Meadows \$200,000; and Fox Hills 216 \$200,000.
- All remaining Walls Claims will be disallowed in their entirety.

- Based upon the allowed portion of \$292,500 allowed as an unsecured non-priority claim, upon this Court's approval, the Trust will distribute approximately 8.9% or approximately \$26,032.50 on the allowed portion as the *pro rata* share of the funds reserved by the Trust from the first and second creditor distribution to the Walls Trust. All other funds reserved for the Walls Claims will be released from the Disputed Claims Reserve and made available to the Trust for whatever purpose is appropriate in the administration of the Trust.
- Walls Trust will share in future distributions pro rata based upon the amounts of the allowed claims, listed above.
- Walls Trust shall withdraw its response and the omnibus objections [DE 8535, 8563, 8615, 9060 9126 and 9145, shall be deemed sustained except as to the \$292,500 allowed claim.
- Each party shall bear its own attorneys' fees and expenses. Both parties release the other party and waive any claims against the other party.
- This settlement does not affect Walls Trust's interest in any direct loans.
- The status conference scheduled for July 17, 2012 at 10:00 a.m. may be vacated.

The Trustee and Walls Trust respectfully request that the Court approve the stipulation and grant the Motion. Notice to creditors and a hearing are not required under the confirmed Plan, Bankruptcy Code or Rules. A proposed form of order is supplied for the Court's consideration.




1 DATED: June 19, 2012.

2 LEWIS AND ROCA LLP

3  
4 By: /s/ Robert M. Charles, Jr. (NV 8593)  
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6 John Hinderaker, AZ 18024 (*pro hac vice*)  
7 *Counsel for USACM Liquidating Trust*  
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11 Tel. 702-949-8320  
12 Facsimile: 702-949-8321

13 AGREED, AND APPROVED AS  
14 TO FORM AND CONTENT:

15   
16 /s/ Joseph Walls  
17 Trustee of the Walls Family Trust Dated 12/10/97  
18 c/o Joseph P. and Ellen Walls Ttees  
19 2778 Bedford Way  
20 Carson City, NV 89703  
21 Email: mersea@sbcglobal.net  
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